

TOWNSHIP OF GARFIELD
(Newaygo)
FINANCIAL STATEMENTS

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

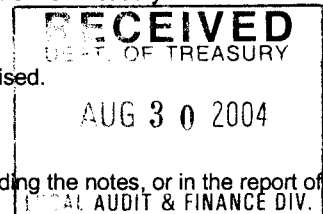
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Garfield Township	County Newaygo
Audit Date 3/31/04	Opinion Date 7/19/04	Date Accountant Report Submitted to State: 8/27/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:		Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓		
Reports on individual federal financial assistance programs (program audits).				✓
Single Audit Reports (ASLGU).				✓

Certified Public Accountant (Firm Name) Hendon & Slate, P.C.			
Street Address 711 West Main Street	City Fremont	State MI	ZIP 49412
Accountant Signature <i>Jodi DeKruiper, CPA</i>		Date 8/27/04	

TOWNSHIP OF GARFIELD

Newaygo County
Township Board

	<u>Position</u>
George Suchy	Supervisor
Arlene Grabill	Clerk
Jill VandenBerg	Treasurer
Robert Kinniburgh	Trustee
Michael Wallace	Trustee

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Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



Independent Auditor's Report

Garfield Township
Township Board
Newaygo, MI 49337

We have audited the accompanying general purpose financial statements of Garfield Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards prescribed by the state treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects the financial position of Garfield Township, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America and with applicable rules and regulations of any state department or agency.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental financial information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Hendon & Slate, P.C.

Hendon & Slate, P.C.
Certified Public Accountants
July 19, 2004

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TOWNSHIP OF GARFIELD

Combined Balance Sheet - All Fund Types and Account Groups March 31, 2004

	<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memo Only)</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Trust & Agency Fund</u>	<u>General Fixed Assets</u>	
ASSETS					
Cash	\$ 619,438	\$ 203,743	\$ 1,036	\$ -	\$ 824,217
Taxes Receivable	6,515	23,970	-	-	30,485
Due From Other Funds	1,058	-	-	-	1,058
Due From Other Governmental Units	19,743	-	-	-	19,743
Plant, Property and Equipment	-	-	-	358,886	358,886
Total Assets	<u>\$ 646,754</u>	<u>\$ 227,713</u>	<u>\$ 1,036</u>	<u>\$ 358,886</u>	<u>\$ 1,234,389</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 4,491	\$ -	\$ -	\$ -	\$ 4,491
Due to Other Governmental Units	19,743	5,243	-	-	24,986
Due to Other Funds	-	22	1,036	-	1,058
Total Liabilities	24,234	5,265	1,036	-	30,535
Fund Equity					
Fund Balances-Designated	300,000	-	-	-	300,000
Fund Balances-Undesignated	322,520	222,448	-	-	544,968
Investment in General Fixed Assets	-	-	-	358,886	358,886
Total Fund Equity	<u>622,520</u>	<u>222,448</u>	<u>-</u>	<u>358,886</u>	<u>1,203,854</u>
Total Liabilities and Fund Equity	<u>\$ 646,754</u>	<u>\$ 227,713</u>	<u>\$ 1,036</u>	<u>\$ 358,886</u>	<u>\$ 1,234,389</u>

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF GARFIELD

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types For the Fiscal Year Ended March 31, 2004

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>(Memo Only) Total</u>
Revenues			
Taxes	\$ 47,778	\$ 250,700	\$ 298,478
Penalties and Interest on Taxes	3,741	-	3,741
Collection Fees - PTAF	20,083	-	20,083
Licenses and Permits	5,097	-	5,097
State Grants	185,837	-	185,837
Interest	16,692	591	17,283
Rents & Royalties	1,112	-	1,112
Other Revenue	<u>8,305</u>	<u>-</u>	<u>8,305</u>
Total Revenues	288,645	251,291	539,936
Expenditures			
Legislative	33,417	-	33,417
General Government	86,907	-	86,907
Public Safety	32,726	49,837	82,563
Public Works	72,481	139,602	212,083
Other Functions	<u>6,870</u>	<u>42,042</u>	<u>48,912</u>
Total Expenditures	<u>232,401</u>	<u>231,481</u>	<u>463,882</u>
Excess Revenues (Expenditures)	56,244	19,810	76,054
Fund Balances - April 1	<u>566,276</u>	<u>202,638</u>	<u>768,914</u>
Fund Balances - March 31	<u>\$ 622,520</u>	<u>\$ 222,448</u>	<u>\$ 844,968</u>

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF GARFIELD

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Funds For the Fiscal Year Ended March 31, 2004

	General Fund		Special Revenue Funds	
	Budget	Actual	Budget	Actual
				Favorable (Unfavorable)
Revenues				
Taxes	\$ 49,000	\$ 47,778	\$ 175,545	\$ 250,700
Penalties and Interest on Taxes	1,000	3,741	-	-
Collection Fees	10,000	20,083	-	-
Licenses and Permits	5,500	5,097	-	-
State Grants	157,000	185,837	-	-
Interest	3,900	16,692	-	591
Rents & Royalties	-	1,112	-	-
Other Revenue	4,410	8,305	-	-
Total Revenues	230,810	288,645	175,545	251,291
				75,746
Expenditures				
Legislative	42,200	33,417	-	-
General Government	91,210	86,907	-	-
Public Safety	70,600	32,726	-	49,837
Public Works	74,892	72,481	125,534	139,602
Other Functions	13,900	6,870	36,063	42,042
Total Expenditures	292,802	232,401	161,597	231,481
Excess Revenues (Expenditures)	\$ (61,992)	56,244	\$ 117,736	19,810
Fund Balances - April 1		566,276		202,638
Fund Balances - March 31		\$ 622,520		\$ 222,448

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF GARFIELD

Notes to the Financial Statements March 31, 2004

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Township's significant accounting policies applied in the preparation of the accompanying financial statements follows. The accounting practices followed by the Township are those prescribed by the State of Michigan.

1. BASIS OF PRESENTATION

The financial activities of the local unit are recorded in separate funds, categorized and described as follows:

Governmental Funds

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township of Garfield. Revenues are derived primarily from property taxes, state grants and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. (Fire Fund, Weed Fund and Road Fund)

Account Groups

General Fixed Assets - This account group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. These infrastructure fixed assets are not included on the combined Balance Sheet but are expended when incurred.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date of donation. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are utilized to account for assets held by the Township in a trustee or custodial capacity for individuals and other entities. Agency Funds are custodial in nature and do not involve measurement of results of operations (Tax Account).

2. BASIS OF ACCOUNTING

All governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received. "Available" means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period (60 days).

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on September 14th and February 14th, with the final collection date of February 28 before they are added to the County tax rolls. The Township has a 1.0 (.8475 after rollback) mill for general operations and a 3.0 (2.8640 after rollback) mill for road. The township also collects a special assessment from appropriate property owners for weeds, fire protection, and Chain of Lakes Utility.

- b. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year end.
- c. Normally expenditures are not divided between years by recording prepaid expenses.

3. **BUDGETS AND BUDGETARY ACCOUNTING**

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary general fund has been shown on a functional basis. The approved budget of the Township for this budgetary fund was adopted to the activity level.

During the year ended March 31, 2004, the Township incurred material overexpenditures in both Road and Weed Funds. The Township did not adopt a budget for the Fire Fund as is required by the Act.

The Township of Garfield prepared all budgets for the year ended March 31, 2004 on a method not materially different from the modified accrual basis of accounting in accordance with generally accepted accounting principles.

4. **EMPLOYEE RETIREMENT AND ACCRUED FRINGE BENEFITS**

The Township participated in a defined contribution plan administered by AIM Fund Service, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All elected officials are in the plan funded 100% by the Township. Covered salaries total \$46,708 while total payroll was \$91,816. The cost to the Township for this plan for the year ended March 31, 2004 was \$4,396. The contributions for each employee, plus interest allocated to the employee's account, are fully vested immediately upon deposit of the contribution by the Township.

5. **ENCUMBRANCES**

The Township does not employ an encumbrance system.

6. **ESTIMATES**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenditures/expenses. Actual results could differ from those estimates.

7. REPORTING ENTITY

The financial statements of Garfield Township do not include any other governmental boards or authorities based on a determination made with control or dependence in the areas of budget adoption, taxing authority, funding and appointment of respective boards.

NOTE B PROPERTY TAXES RECEIVABLE

The delinquent real property taxes of the Township of Garfield are purchased by the County of Newaygo. The 2003 delinquent taxes of \$49,957 were received in June 2004, which exceeds the general rule (60 days), however is soon enough to pay liabilities of the current period. These taxes have been recorded as revenue for the current year.

NOTE C DEPOSITS

Legal or Contractual Provisions for Deposits and Investments. The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended through December 31, 1997, states the Township by resolution, may authorize the Treasurer to invest surplus funds in one or more of the following:

- f. Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States.
- g. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2).
- h. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- i. Repurchase agreements consisting of instruments listed in subdivision (a).
- j. Bankers' acceptances of United States banks.
- k. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- l. Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 66, 54 Stat. 789, 15 U.S.C. 81a-1 to 801-3 and 80a-4 to 801a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - i. The purchase of securities on a when-issued or delayed delivery basis.
 - ii. The ability to lend portfolio securities as long as the mutual fund receives collateral all times equal to at least 100% of the securities loaned.
 - iii. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- m. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperations Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- n. Investment pools organized under the surplus funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118.
- o. The investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

Notes to the Financial Statements (Continued)

Deposits are made at Gerber Federal Credit Union and are carried at cost. The Township holds all deposits in its own name. Following is a schedule of deposits:

	<u>Carrying Amount</u>	<u>Market Value</u>
Gerber Federal Credit Union		
Cash - Time Deposits	\$ 645,323	\$ 645,323
Cash - Demand Deposits	177,858	182,909
Cash - Tax Fund - Time Deposits	1,036	8,133
Cash - Tax Fund - Demand Deposit	<u>-</u>	<u>11,050</u>
Total Deposits	<u>\$ 824,217</u>	<u>\$ 847,415</u>
FCUA Insured	\$ 200,000	\$ 200,000
Uninsured	624,217	647,415

NOTE D INTERFUND ASSETS/LIABILITIES

Due from/to Other Funds balance at March 31, 2004, were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,058	\$ -
Tax Fund	-	1,036
Road Fund	-	22

NOTE E DUE FROM OTHER GOVERNMENTAL UNITS

During 2002, the Townships of Garfield, Brooks and Everett together established the Chain of Lakes Sewer Authority to provide a sewer system for the areas around Pickeral, Kimball, Emerald and Sylvan Lakes in Newaygo County. Two members of each Township are appointed to serve on the Sewer Authority Board.

Special assessments are collected by the Township and remitted to the Authority. As of March 31, 2004, the Township was to receive \$19,743 from the County for delinquent special assessments. Upon receipt of this collection, the Township will remit the same amount to the Authority.

NOTE F GENERAL FIXED ASSETS

Changes to the general Fixed Asset Account Group were as follows:

	<u>Balance 04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 03/31/04</u>
Land & Building	\$ 312,958	\$ 3,928	\$ -	\$ 316,886
Equipment	<u>39,200</u>	<u>2,800</u>	<u>-</u>	<u>42,000</u>
Investment in General Fixed Assets	<u>\$ 352,158</u>	<u>\$ 6,728</u>	<u>\$ -</u>	<u>\$ 358,886</u>

Notes to the Financial Statements (Continued)

NOTE G PERMITS

Public Act 243 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The following is the required accounting for such fees:

Beginning Excess Fees Collected	\$ (28)
Fees Collected 2004	3,227
Wages for Enforcing Agents	<u>(3,368)</u>
Excess Fees Collected	<u>\$ (169)</u>

NOTE H TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements - overview are captioned memorandum only to indicate that they are presented only to facilitate financial analysis; data in these columns do not present financial position in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation, interfund eliminations have not been made in the aggregation of this data.

NOTE I RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE J EQUITY

\$300,000 of the fund balance for the General Fund has been designated by the Board for future road work to be completed.

TOWNSHIP OF GARFIELD

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund - Budget and Actual For the Fiscal Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenues			
Taxes - Current Property	\$ 49,000	\$ 47,778	\$ (1,222)
Penalties and Interest on Taxes	1,000	3,741	2,741
Collection Fees - PTAF	10,000	20,083	10,083
Licenses and Permits	5,500	5,097	(403)
State Shared Revenues	157,000	185,837	28,837
Interest	3,900	16,692	12,792
Refunds/Reimbursements	4,410	8,281	3,871
Miscellaneous	-	24	24
Rents and Royalties	<u>-</u>	<u>1,112</u>	<u>1,112</u>
Total Revenues	230,810	288,645	57,835
Expenditures			
Legislative			
Township Board			
Salaries and Wages		9,275	
Fringe Benefits		4,396	
Office Supplies		504	
Legal Services		998	
Memberships and Dues		1,183	
Printing and Publishing		354	
Insurance and Bonds		1,285	
Professional Services		11,616	
Miscellaneous		<u>3,806</u>	
Total Legislative	42,200	33,417	8,783
General Government			
Supervisor			
Salaries and Wages		10,723	
Transportation		<u>34</u>	
	11,500	10,757	743
Elections			
Salaries and Wages		611	
Office Supplies		239	
Supplies		<u>204</u>	
	2,000	1,054	946
Assessor			
Salaries and Wages	14,000	14,000	-

Statement of Revenues, Expenditures and Changes
in Fund Balance - General Fund - Budget and
Actual (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Clerk			
Salaries and Wages		\$ 11,908	
Office Supplies		10	
Transportation		30	
Communication		<u>52</u>	
	13,500	12,000	1,500
Board of Review			
Salaries and Wages		612	
Supplies		65	
Printing and Publishing		<u>208</u>	
	1,000	885	115
Treasurer			
Salaries and Wages		15,117	
Office Supplies		1,135	
Tax Roll Statement Preparation		6,508	
Miscellaneous		<u>400</u>	
	24,210	23,160	1,050
Township Hall			
Professional Services		299	
Repairs and Maintenance		1,395	
Supplies		1,986	
Communications		2,352	
Publishing		70	
Insurance		5,294	
Electric		1,381	
Heat		2,934	
Snow, Lawn & Cleaning		2,019	
Miscellaneous		420	
Capital Outlay		<u>6,901</u>	
	<u>25,000</u>	<u>25,051</u>	<u>(51)</u>
Total General Government	91,210	86,907	4,303
Public Safety			
Zoning Board			
Salaries and Wages		6,735	
Office Supplies		514	
Printing and Publishing		1,686	
Contracted Services		<u>1,574</u>	
	\$ 12,500	\$ 10,509	\$ 1,991

Statement of Revenues, Expenditures and Changes
in Fund Balance - General Fund - Budget and
Actual (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Zoning Board of Appeals			
Salaries and Wages		\$ 275	
Office Supplies		<u>200</u>	
	\$ 4,000	475	\$ 3,525
 Zoning Administrator			
Salaries and Wages	14,100	13,710	390
 Electrical Inspector			
Contracted Services	-	3,368	(3,368)
 Fire Protection			
Salaries and Wages		450	
Contracted Services		<u>4,214</u>	
	<u>40,000</u>	<u>4,664</u>	<u>35,336</u>
 Total Public Safety	70,600	32,726	37,874
 Public Works			
Street Lighting	500	271	229
Roads			
Salaries and Wages		8,400	
Contracted Services		62,027	
Printing and Publishing		<u>65</u>	
	70,892	70,492	400
 Drains	<u>3,500</u>	<u>1,718</u>	<u>1,782</u>
 Total Public Works	74,892	72,481	2,411
 Other Expenditures			
Payroll Taxes	7,000	6,870	130
Contingencies and Other	<u>6,900</u>	<u>-</u>	<u>6,900</u>
 Other Expenditures	<u>13,900</u>	<u>6,870</u>	<u>7,030</u>
 Total Expenditures	<u>292,802</u>	<u>232,401</u>	<u>60,401</u>
 Excess Revenues (Expenditures)	<u>\$ (61,992)</u>	56,244	<u>\$ 118,236</u>
 Fund Balance - April 1		<u>566,276</u>	
 Fund Balance - March 31		<u>\$ 622,520</u>	

TOWNSHIP OF GARFIELD

Combining Balance Sheet Special Revenue Funds March 31, 2004

	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Weed Fund</u>	<u>Total</u>
Assets				
Cash	\$ 162,920	\$ -	\$ 40,823	\$ 203,743
Taxes Receivable	<u>16,297</u>	<u>5,244</u>	<u>2,429</u>	<u>23,970</u>
Total Assets	<u>\$ 179,217</u>	<u>\$ 5,244</u>	<u>\$ 43,252</u>	<u>\$ 227,713</u>
Liabilities and Fund Equity				
Due to Other Governments	\$ -	\$ 5,244	\$ -	\$ 5,244
Due to Other Funds	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>
Total Liabilities	21	5,244	-	5,265
Fund Balances	<u>179,196</u>	<u>-</u>	<u>43,252</u>	<u>222,448</u>
Total Liabilities and Fund Equity	<u>\$ 179,217</u>	<u>\$ 5,244</u>	<u>\$ 43,252</u>	<u>\$ 227,713</u>

TOWNSHIP OF GARFIELD

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds For the Fiscal Year Ended March 31, 2004

	<u>Road Fund</u>	<u>Fire Fund</u>	<u>Weed Fund</u>	<u>Total</u>
Revenues				
Current Tax	\$ 158,145	\$ 49,837	\$ 42,718	\$ 250,700
Interest	<u>591</u>	<u>-</u>	<u>-</u>	<u>591</u>
Total Revenues	158,736	49,837	42,718	251,291
Expenditures				
Public Safety	-	49,837	-	49,837
Public Works	139,602	-	-	139,602
Other Functions	<u>-</u>	<u>-</u>	<u>42,042</u>	<u>42,042</u>
Total Expenditures	<u>139,602</u>	<u>49,837</u>	<u>42,042</u>	<u>231,481</u>
Excess Revenues (Expenditures)	19,134	-	676	19,810
Fund Balances - April 1	<u>160,062</u>	<u>-</u>	<u>42,576</u>	<u>202,638</u>
Fund Balances - March 31	<u><u>\$ 179,196</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,252</u></u>	<u><u>\$ 222,448</u></u>

TOWNSHIP OF GARFIELD

Balance Sheet Special Revenue Funds - Road March 31, 2004

Assets	
Cash	\$ 162,920
Taxes Receivable	<u>16,297</u>
Total Assets	<u>\$ 179,217</u>
Liabilities and Fund Equity	
Due to Other Funds	\$ 21
Fund Balance	<u>179,196</u>
Total Liabilities and Fund Equity	<u>\$ 179,217</u>

TOWNSHIP OF GARFIELD

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Fund - Road Fund For the Fiscal Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Current Tax	\$ 139,482	\$ 158,145	\$ 18,663
Interest	<u>-</u>	<u>591</u>	<u>591</u>
Total Revenues	139,482	158,736	19,254
Expenditures			
Public Works			
Contracted Services		139,581	
Miscellaneous		<u>21</u>	
Total Expenditures	<u>125,534</u>	<u>139,602</u>	<u>(14,068)</u>
Excess Revenues (Under) Expenditures	<u>\$ 13,948</u>	19,134	<u>\$ 5,186</u>
Fund Balance - April 1		<u>160,062</u>	
Fund Balance - March 31		<u>\$ 179,196</u>	

TOWNSHIP OF GARFIELD

Balance Sheet Special Revenue Funds - Fire Fund March 31, 2004

Assets	
Taxes Receivable	\$ <u>5,244</u>
Total Assets	<u>\$ 5,244</u>
Liabilities and Fund Equity	
Due to Other Governments	\$ 5,244
Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 5,244</u>

TOWNSHIP OF GARFIELD

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Fund - Fire Fund For the Fiscal Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Current Tax	\$ -	\$ 49,837	\$ 49,837
Expenditures			
Public Safety			
Fire Protection-Contracted Service	<u>-</u>	<u>49,837</u>	<u>(49,837)</u>
Excess Revenues (Expenditures)	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - April 1		<u>-</u>	
Fund Balance - March 31		<u>\$ -</u>	

TOWNSHIP OF GARFIELD

Balance Sheet Special Revenue Funds - Weed Fund March 31, 2004

Assets	
Cash	\$ 40,823
Taxes Receivable	<u>2,429</u>
Total Assets	<u>\$ 43,252</u>

Liabilities and Fund Equity	
Fund Balance	<u>\$ 43,252</u>
Total Liabilities and Fund Balance	<u>\$ 43,252</u>

TOWNSHIP OF GARFIELD

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Fund - Weed Fund For the Fiscal Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Current Tax	\$ 36,063	\$ 42,718	\$ 6,655
Expenditures			
Other Functions			
Contracted Service	<u>36,063</u>	<u>42,042</u>	<u>(5,979)</u>
Excess Revenues (Expenditures)	<u>\$ -</u>	676	<u>\$ 676</u>
Fund Balance - April 1		<u>42,576</u>	
Fund Balance - March 31		<u>\$ 43,252</u>	

TOWNSHIP OF GARFIELD

Statement of Changes in Assets and Liabilities - All Agency Funds For the Fiscal Year Ended March 31, 2004

	<u>Current Tax Collection</u>			
	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>03/31/04</u>
Assets				
Cash	\$ 16,418	\$ 2,097,055	\$ 2,112,437	\$ 1,036
Taxes Receivable	<u>-</u>	<u>2,084,211</u>	<u>2,084,211</u>	<u>-</u>
Total Assets	<u>\$ 16,418</u>	<u>\$ 4,181,266</u>	<u>\$ 4,196,648</u>	<u>\$ 1,036</u>
Liabilities				
Due to County	\$ 5	\$ 613,740	\$ 613,745	\$ -
Due to Township	16,408	134,064	149,436	1,036
Due to NC RESA	2	285,404	285,406	-
Due to Schools	3	664,584	664,587	-
Due to COLA	-	352,333	352,333	-
Due to Libraries	-	36,632	36,632	-
Due to Others	<u>-</u>	<u>10,298</u>	<u>10,298</u>	<u>-</u>
Total Liabilities	<u>\$ 16,418</u>	<u>\$ 2,097,055</u>	<u>\$ 2,112,437</u>	<u>\$ 1,036</u>

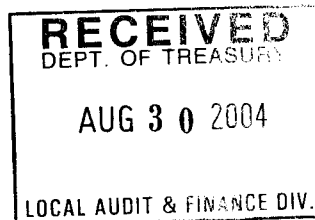
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Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



August 24, 2004



Township Board
Garfield Township
Newaygo County, Michigan

Dear Board Members:

In connection with our audit of Garfield Township as of and for the year ended March 31, 2004, we offer the following comments and recommendations.

PRIOR RECOMMENDATIONS

Budgeting

Following the previous audit, we noted that the Township attempted to implement most of the recommendations as they relate to the budgeting process, however, there remains a few items which the Township has not implemented.

The budget for the year ended March 31, 2004 appropriately includes budget amounts for the Road and Weed Funds, however, there was no budget for the Fire Fund. This continues to be a violation of the Uniform Budgeting Act. Although the fire special assessments are collected and remitted all through the tax account, the tax is the Township's tax. The Township is only hiring the two fire departments to provide services for the cost of the fire special assessments. Therefore, the Township must report the taxes as revenue and the remittances as expenditures. Rather than report the Fire collections in a separate fund, the special assessments and remittances could be reported in the general fund. This alternative would also require budgeting for this source and use of the Township funds, as part of the general fund.

In addition, Section 15 of the Uniform Budgeting Act provides that the recommended budget for the general fund and special revenue funds must include the following for each fund:

- actual expenditures for the most recently completed fiscal year;
- estimated expenditures for the current fiscal year (to be arrived at by using actual expenditures to date and estimating expenditures to the end of the fiscal year);
- an estimate of the expenditures in the next fiscal year;
- actual revenue for the most recently completed fiscal year;
- estimated revenue for the current fiscal year (to be arrived at by using actual revenue to date and estimating revenue to the end of the fiscal year);
- an estimate of the revenue in the next fiscal year;
- beginning and ending fund balance for each year;
- an estimate of the amounts needed for deficiency, contingent, or emergency purposes;
- other data relating to fiscal conditions that the chief administrative officer considers to be useful in considering the financial needs of the local unit.

I am enclosing a sample budget form including dates to assist you in understanding the required information to be provided to the Board when the budget is being adopted. Basically, the Township

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Muskegon
950 W. Norton Ave.
Suite 500
Muskegon, MI 49441
Phone (231) 733-0076
Fax (231) 733-0185

Hart
2332 North Comfort Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

Whitehall
116 W. Colby, Suite B
Century Building
Whitehall, MI 49461
Phone (231) 893-6772
Fax (231) 893-6773

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Board should be provided this information in order to make an informed decision regarding the adoption of the new budget and if the budget appropriately will meet the Township's needs.

Books and Records

This year we are very happy to inform the Board that the accounting records were significantly improved over prior years with the purchase and implementation of an accounting software program. This system has assisted the Clerk in providing the necessary information for preparing the financial statements.

Permits

As we indicated following the previous audit, the State Construction Code Act was amended to require local governments report the permits as a separate fund or as a separate note in the financial statement. This information was again reported by the Township in the notes to the financial statements.

GASB 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments

This is the last year that your financial statements will look like they have for many years. The next audited financial statements which the Township will receive will be reported using the GASB 34 approach. The statements will provide additional information to the users and will help the general public to more easily understand the financial position of the Township. We would be happy to discuss any questions which the board may have regarding the implementation and reporting requirements necessary with this change in accounting principal.

CURRENT RECOMMENDATIONS

Inventories and Insurance

One of the requirements of the Township Board is the oversight and control over all Township assets. The Township Board should review its insurance policies for appropriate coverage on an annual basis. The value of the Township assets should be covered by the insurance for any possible losses and would be part of the stewardship responsibility of the Board. We recommend that the Board have an inventory prepared of the Township assets and compare that inventory to the insurance coverage annually. The Township may find that some assets are currently not properly covered by the insurance coverage or that there are assets covered for which the Township no longer has custody.

This same schedule may be useful as the Township prepares to implement GASB 34 requirements. The new requirement requires not only the listing of all Township assets, but also an estimate of the useful life of the assets, an estimated original purchase price, and an estimated purchase date. As part of meeting this requirement, the Township will want to adopt a capitalization policy which would identify the types of assets which would be included in the listing. Also, this policy could indicate a minimum value to be included. For example, the Township may want to only list assets with a value exceeding \$500 or \$1,000. This would eliminate having to provide information about assets with little value, such as calculators or chairs. The Township may wish to keep track of these assets for insurance purposes, but it is not recommended for financial statement reporting.

Thank you for the courtesy extended to us during our audit. We look forward to a continued relationship with Garfield Township. If you have any questions regarding the audit report, this letter or any other communication, please do not hesitate to call.

Respectfully submitted,



Jodi DeKuiper, CPA
Hendon & Slate, P.C.